

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 AID-05 IGA-01 OMB-01

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R 101045Z SEP 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 6333

C O N F I D E N T I A L CAIRO 8898

DEPT PASS AID

E.O. 11652: GDS

TAGS: USEGJC EAID EIV

SUBJECT: DEVELOPMENT OF SUEZ CANAL: US BIDS ON MASTER PLAN

REF CAIRO 8569

1. DURING CALL BY FNCB REP GOODRIDGE YESTERDAY, AMBASSADOR INDICATED HE HAD TALKED WITH BOTH PRIMIN SALEM AND FAHMY IN ALEXANDRIA ABOUT US FIRMS' INTEREST IN SUEZ CANAL MASTER PLAN CONTRACT AND TOLD THESE OFFICIALS OUR UNDERSTANDING TWO REPUTABLE AMERICAN FIRMS ARE IN THE RUNNING. SCA TEAM WHICH STUDIED TECHNICAL ASPECTS OF VARIOUS PROPOSALS HAD RATED AMERICAN PROPOSALS HIGH. AMBASSADOR INDICATED THAT, WHILE DECISION IS ONE FOR GOE TO MAKE, SCA WOULD UNQUESTIONABLY BENEFIT IF AMERICAN FIRM WERE GIVEN THE JOB. NEITHER SALEM NOR FAHMY PROFESSED TO KNOW ANYTHING ABOUT STATUS. AMBASSADOR HAD THEREFORE ASKED DCM TO SEEK MEETING WITH MASHOUR TO MAKE SAME PITCH. AMBASSADOR AGAIN EXPLAINED THAT, SO LONG AS MORE THAN ONE AMERICAN FIRM REMAINS ACTIVELY ENGAGED, EMBASSY IS OBLIATED TO GIVE EQUAL SUPPORT TO ALL.

2. UNLIKE PREVIOUS CALL ON EMBASSY (REFTEL), GOODRIDGE SAID HE UNDERSTOOD SITUATION AND EXPRESSED
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APPRECIATION FOR OUR SUPPORT. GOODRIDGE ALSO SAID

NOBLE OF CHARLES T. MAIN HAS BEEN MAKING THE ROUNDS OF WASHINGTON AGENCIES TO TRY TO DRUM UP USG SUPPORT. ACCORDING TO GOODRIDGE, JOINT FNCB/CHARLES T. MAIN PROPOSAL IS ABOUT \$1,800,000. SECOND RANKING DUTCH FIRM'S BID IS ABOUT 350,000 LE, OR JUST UNDER ONE MILLION DOLLARS. FRENCH FIRM'S BID IS ABOUT 220,00 LE OR \$562,222 AT OFFICIAL RATE. GOODRIDGE STATED THAT SCA CHART ON THE COMPARATIVE TECHNICAL EXCELLENCE OF PROPOSALS PLACES THAT OF F.T. HARRIS 12TH. HE ADDED THAT MASHOUR HAS AGREED TO DEFER A DECISION UNTIL SCA HAS AN INDICATION OF WHETHER SOME KIND OF USG FINANCING MIGHT BE AVAILABLE.

3. GOODRIDGE RAISED QUESTION OF WHETHER HE MIGHT INFORM MASHOUR THAT, IF LATTER FORMALLY BROACHES TO US HIS DESIRE TO GIVE CONTRACT TO AN AMERICAN FIRM IF SOME USG FINANCING IS AVAILABLE, THERE WOULD BE GOOD PROSPECT OF A POSITIVE RESPONSE. AMBASSADOR ADVISED GOODRIDGE NOT TO DO SO AT THIS TIME, BUT UNDERTOOK TO TRY TO GET A READING FROM WASHINGTON ON THIS MATTER.

4. WE BELIEVE THAT US COMMERCIAL INTERESTS WOULD NOW AND IN FUTURE BE FURTHERED BY AN AMERICAN FIRM GETTING THE MASTER PLANNING JOB. MOREOVER, IT FITS INTO THE TYPE OF TECHNICAL ASSISTANCE PROJECT THAT CAN BE FUNDED THROUGH AID. GIVEN CONSIDERABLE PRICE DIFFERENTIAL BETWEEN AMERICAN AND DUTCH AND FRENCH TENDERS, IT IS DIFFICULT TO SEE HOW AMERICAN FIRMS IN THE RUNNING ARE GOING TO BE ABLE TO COMPETE UNLESS THEY GET SOME USG HELP. WE RECOGNIZE DIFFICULT ISSUES POSED FOR AID CONSIDERATION OF POSSIBLE FUNDING AT THIS POINT IN TIME GIVEN A) IBRD COMMITMENT OF AT LEAST PARTIAL FUNDING FOR STUDY, B) INABILITY TO ASSESS BIDDING PROCEDURES OR TO COMPARE BIDS RECEIVED FROM FRENCH, DUTCH AND AMERICAN FIRMS, AND C) UNCERTAINTY RE VIEWS OF MINISTER OF ECONOMY AND ECONOMIC COOPERATION ON POSSIBLE ALLOCATION OF AID FUNDS FOR STUDY. HOWEVER, IN RIEW POTENTIAL ADVANTAGES IN HAVING

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US FIRM GET THE JOB, (AND WE CANNOT, OF COURSE, FAVOR AN INDIVIDUAL FIRM) WE SUGGEST THAT POSSIBLE USG INVOLVEMENT BE EXPLORED WITH IBRD.

5. IF IT APPEARS ARRANGEMENTS CAN BE WORKED OUT WITH IBRD AND FURTHER CONSIDERATION AID FUNDING IS POSSIBLE ON EXPEDITIOUS BASIS, WE WOULD BE PLEASED TO SO ADVISE MASHOUR IF HE WILLING DELAY

AWARDS, WE WOULD SEEK WHATEVER INFORMATION
WASHINGTON WOULD NEED RE SCA BIDDING PROCEDURE
AND BID EVALUATION. WE WOULD ALSO DISCUSS MATTER
WITH DR. SHAFEI UPON HIS RETURN TO CAIRO. GIVEN
FAVORABLE DECISION RE AID OR IBRD/AID FUNDING,
MASHOUR COULD THEN MAKE OWN CHOICE ON BASIS
TECHNICAL EXCELLENCE OF PROPOSALS.
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